



## Memorandum

**To:** Honorable Mayor Maso and City Council Members

**Thru:** George Purefoy, City Manager

**From:** Nell Lange, Assistant City Manager  
Ron Patterson, Assistant City Manager

**Date:** March 19, 2010

**Subject:** Discussion and Provide Direction Concerning Funding for the Improvements in the Beal Building for Sci-Tech Discovery and the Black Box Theatre

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**Action Requested:** City Council direction concerning funding of the improvements needed to accommodate the Sci-Tech Discovery Center and the Black Box Theatre in the Beal Building.

**Background Information:** The Frisco Community Development Corporation (FCDC) currently owns the Beal Building, a 150,000 square foot facility. Convenience Food Systems (CFS) is the current tenant in the Beal Building. CFS had asked for assistance in reducing their lease payment. After some discussion, the Board felt they could find a use for some of the space and agreed to take back 50,000 square feet from the CFS lease. The FCDC approved at their June 29, 2009 meeting to amend the contract with CFS.

During the time the FCDC was negotiating with CFS, the City was approached by Sci-Tech Discovery Center looking for a permanent home for their organization. After some discussion with the FCDC Board, it was felt that this organization would further the goals of the City Council and would be a good fit for some of the 50,000 square feet the Board would have available in the Beal building. At the June 29, 2009 meeting the FCDC Board approved a lease agreement with the Sci-Tech Discovery Center for approximately 10,000 square feet.

The City Manager discussed with the FCDC board the improvements the building would need to accommodate the Sci-Tech Discovery Center. The original estimate for the improvements was two million dollars. This estimate was suggested after discussions with consultants that had provided a study to the Frisco Convention and Visitors Bureau concerning Exhibit Hall space.

The FCDC Board approved a budget amendment for this project. The Board then approved a contract with BOKA Powell for architectural services to improve the 50,000 square feet, which ultimately will include a master plan for the entire building. Phase I of the agreement simply made some initial temporary improvements to allow Sci-Tech Discovery Center to open their first exhibit in October 2009.

Additionally, the Mayor's Ad Hoc committee for the Arts has suggested utilizing some of the space for a black box theatre. The FCDC Board agreed with this suggestion and BOKA Powell was given direction to include in the design approximately 10,000 square feet for this use.

Currently Sci-Tech Discovery Center has vacated the building so that the permanent improvements can be made. Phase II of the agreement with BOKA Powell moves forward with permanent improvements, which would include restrooms, lobby, reception area, ticketing, office space, HVAC, etc. The FCDC Board approved a Construction Manager at Risk agreement with Balfour Beatty Construction of Dallas Texas at their February 10, 2010 meeting. The projected costs for the improvements are currently exceeding the original estimate of two million dollars. The City Manager discussed the funding shortfall with the FCDC Board at their meeting on March 18, 2010.

**Board/ Citizen Input:** None.

**Alternatives:** City Council could choose not to use bond proceeds at this time.

**Financial Considerations:** The FCDC ended FY 2009 with a fund balance of \$12,233,833. Of that amount, there are encumbrances for the Beal Building improvements of \$1.8 million and \$2.0 million for BF Phillips improvements. While they have funds for the projected cost increase for the improvements, city staff suggested using the bond proceeds available for the cultural arts center. The City sold one million in general obligation bonds in FY 2008 in anticipation of beginning the design of a performing arts center. Due to the current economic conditions, we have not moved forward with that project. We have discussed with the bond attorney our ability to utilize these funds for this project and he agrees that it fits within the proposition language. Staff suggests that the Sci-Tech Discovery Center and the Black Box Theatre are projects that support the City Council's goals. Additionally, these projects can be done today at a much lesser cost than constructing a stand-alone performing arts center in the Frisco Junction/Heritage Village area. We can still move forward with the separate facility at a later date.

**Legal Review:** None.

Staff is looking for direction from Council as to the use of one million of the bond proceeds from the 2008 bond sale. If Council decides to move forward, staff will bring back a budget amendment re-appropriating those funds.